

**Conference Committee Report on
House Bill No. 938 / Senate Bill No. 851**

The House and Senate Conference Committee appointed pursuant to motions to resolve the differences between the two houses on House Bill No. 938 (Senate Bill No. 851) has met and recommends that all amendments be deleted.

The Committee further recommends that the following amendment be adopted:
by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 6-51-201, is amended by adding the following as new subsections:

(c)

(1) Owners of real property used primarily for agricultural purposes who reside in a territory previously annexed by ordinance that was not annexed through a referendum or a request of the property owner may petition the municipality to deannex such property, if:

(A) The deannexation of the property does not create an area of unincorporated territory that is completely surrounded by municipal boundaries; and

(B) The owner of some or all of the property at the time the petition is made:

(i) Is the same owner or owners as when the property was annexed; or

(ii) A direct descendant of the person who owned the property at the time of annexation. As used in this subdivision

(c)(1)(B)(ii), "direct descendant" means a child, grandchild, or a sibling.

(2) The petition must include a copy of the ordinance that includes the map of the plat seeking deannexation. The map must be the same map the municipality used to annex the territory.

(3) Upon receiving the petition for deannexation, the municipality shall determine the debt amount owed pursuant to § 6-51-204(a), if any, within thirty (30) days.

(4) The deannexation of the property becomes operative ninety (90) days after receipt of the petition by the municipality.

(d) This section does not require a municipal utility to cease providing electrical service, sanitary sewer service, other utility services, or street lighting in the territory excluded from the municipality's corporate limits.

(e) For purposes of this section, "property used primarily for agricultural purposes" means:

(1) The property is owned or operated by a person whose federal income tax return contains one (1) or more of the following for at least three (3) years:

(A) Business activity on IRS schedule F, profit or loss from farming, and the business activity reflected on the form is related to the property that is the subject of the petition; or

(B) Farm rental activity on IRS form 4835, farm rental income and expenses or schedule E, supplemental income and loss, and the farm rental activity reflected on the form is related to the property that is the subject of the petition;

(2) The person who owns or operates the property is a qualified farmer or nurseryman as defined in § 67-6-207;

(3) The property was classified at the time of annexation and has continued being classified as agricultural land or forest land pursuant to § 67-5-

1005 or § 67-5-1006, except for those properties annexed prior to January 1, 1977; and

(4) The property has been maintained in use of agriculture as defined in § 1-3-105 since annexation occurred.

SECTION 2. Tennessee Code Annotated, Section 6-51-204(a), is amended by deleting the subsection and substituting instead the following:

(a)

(1) Except for responsibility for debt newly contracted after the territory was annexed and prior to the surrender of jurisdiction, all municipal jurisdiction ceases over the territory excluded from the municipality's corporate limits on:

(A) The effective date of the ordinance if the contraction is done by ordinance;

(B) The date of the certification of the results of the election if the contraction is done by election; or

(C) The operative date of a contraction accomplished through a petition by an owner of property used primarily for agricultural purposes pursuant to § 6-51-201(c).

(2) The municipality may continue to levy and collect taxes on property in the excluded territory to pay the excluded territory's proportion of debt newly contracted after the territory was annexed and prior to the exclusion.

SECTION 3. This act takes effect July 1, 2023, the public welfare requiring it.

Senator

Representative

Senator

Representative

Senator

Representative

Senator

Representative